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CENTRAL INTELLIGENCE AGENCY

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SUBJECT Transfer of Control Over SAG Plants

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1. On 23 Sep 53 all general directors of SAG plants were summoned to an important conference at Karlshorst. Only one representative of each ministry concerned took part for the German side. The meeting lasted until 26 September.
2. [REDACTED] there are at present 295,522 workers employed in the SAG plants, of which 226,112 are employed at the Wismut AG alone. The SAG plants are organized in thirteen groups as follows: SAG Wismut, SAG Brikett, SAG Kaustik, SAG Kautschuk, SAG Zement, SAG Kali, SAG Synthese, SAG Transmasch, SAG Amo, SAG Mineraldünger, SAG Antowelo, SAG Kabel, SAG Marten. From 1 Jan 54 these groups with their capacities will be placed at the disposal of the national economy. On this ground, comprehensive plans and changes already have been prepared by the various German ministries. At the same time funds were to be made available for the plants, because the subsidy funds of the Soviet Kredit-und Garantiebank were to have been shut off at the beginning of August. Now it appears from this report that the Soviet bank suddenly has made available a running credit of 200 million rubles for the 33 SAG plants, payments to run from 1 Oct 53. For these funds the plants must pay interest at 4.5 percent, a rate set by the Narodny Bank in Moscow. At that date, all SAG plants must make exact reports of their available capital; not only the plant capital, but also materials on hand, and accounts receivable must be registered. The credits can be revoked at four-week periods. The further condition is attached that the several production groups shall have their own representation through state secretariats in the respective ministries concerned. Up to now, eight secretariats have been proposed. The plants will retain their present trade organizations. The secretariats, and not the ministries, will decide about supplies of material and apportionment of orders.

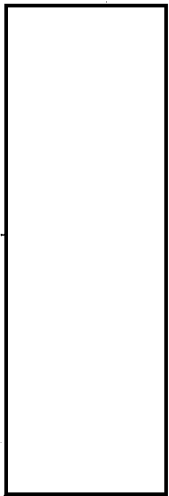
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